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**TOWN OF JONESVILLE, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED
JUNE 30, 2003
WITH
INDEPENDENT AUDITOR'S REPORT**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12.24.03

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INDEPENDENT AUDITOR'S REPORT

Mayor and Members of the Town Council
Town of Jonesville, Louisiana

We have audited the general purpose financial statements of the Town of Jonesville, Louisiana, as of and for the year ended June 30, 2003, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Jonesville, Louisiana, as of June 30, 2003, the results of its operations of such funds, and the cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2003, on our consideration of Town of Jonesville, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements and schedules, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Jonesville, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The financial information of the previous year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion.

Silas M. Simmons & Company, LLP

Natchez, Mississippi
October 28, 2003

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

TOWN OF JONESVILLE, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 2003

ASSETS

Cash	\$ 104,511	\$	\$	\$ 42,611	\$	\$	\$ 147,122	\$	224,189
Temporary investments at cost	59,140			151,915			211,055		223,931
Receivables (net where applicable of allowances for uncollectibles):									
Court fines	28,574						28,574		25,174
Charges for services				608,415			608,415		538,980
Other receivables	4,676						4,676		11,242
Due from other governments	27,482						27,482		47,740
Restricted assets:									
Cash				80,496			80,496		75,239
Temporary investments at cost				91,449			91,449		91,203
Plant and equipment, net				1,621,148	2,388,205		4,009,353		3,964,820
Amount to be provided for retirement of general long-term debt								104,173	5,954
Total assets	\$ 224,383	\$ -	\$ -	\$ 2,596,034	\$ 2,388,205	\$ 104,173	\$ 5,312,795	\$ 5,208,472	

LIABILITIES AND FUND EQUITY

Liabilities									
Accounts payable	\$ 36,584	\$	\$	\$	\$ 202,895	\$	\$	\$ 239,479	\$ 291,258
Accrued liabilities	30,898				21,935			52,833	27,408
Payable from restricted assets:									
Consumer deposits					139,345			139,345	140,138
Other liabilities	1,108							1,108	2,400
Notes and capital leases payable							104,173	104,173	5,954
Total liabilities	\$ 68,590	\$ -	\$ -	\$ -	\$ 364,175	\$ -	\$ 104,173	\$ 536,938	\$ 467,158
Fund Equity									
Contributed capital	\$ -	\$ -	\$ -	\$ -	\$ 1,842,226	\$ -	\$ -	\$ 1,842,226	\$ 1,842,226
Investment in general fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,388,205	\$ -	\$ 2,388,205	\$ 2,268,970
Retained earnings:									
Unreserved	\$	\$	\$	\$	\$ 389,633	\$	\$	\$ 389,633	\$ 359,243
Fund balances:									
Unreserved	155,793							155,793	270,875
Total retained earnings/fund balance	\$ 155,793	\$ -	\$ -	\$ -	\$ 389,633	\$ -	\$ -	\$ 545,426	\$ 630,118
Total fund equity	\$ 155,793	\$ -	\$ -	\$ -	\$ 2,231,859	\$ 2,388,205	\$ -	\$ 4,775,857	\$ 4,741,314
Total liabilities and fund equity	\$ 224,383	\$ -	\$ -	\$ -	\$ 2,596,034	\$ 2,388,205	\$ 104,173	\$ 5,312,795	\$ 5,208,472

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2003

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memo Only)	
					2003	2002
<u>REVENUES</u>						
Taxes	\$ 79,575	\$	\$	\$	\$ 79,575	\$ 76,685
Licenses and permits	112,756				112,756	108,168
Intergovernmental revenue	244,674				244,674	601,307
Fines and forfeits	77,531				77,531	56,108
Charges for services	202,441				202,441	175,292
Other revenue	178,946				178,946	30,641
Total revenues	\$ 895,923	\$ -	\$ -	\$ -	\$ 895,923	\$ 1,048,201
<u>EXPENDITURES (CURRENT)</u>						
General government	\$ 431,233	\$	\$	\$	\$ 431,233	\$ 432,647
Public Safety:						
Police	500,403				500,403	386,527
Fire	17,170				17,170	26,089
Highways and streets	428,334				428,334	345,163
Sanitation	264,993				264,993	76,008
Airport					-	137
Recreation	21,749				21,749	5,338
Industrial					-	5,159
Relocation and rehabilitation					-	105,449
Debt Service:						
Principal retirement			27,523		27,523	88,772
Interest			7,125		7,125	3,717
Capital outlay					-	222,539
Total expenditures	\$ 1,663,882	\$ -	\$ 34,648	\$ -	\$ 1,698,530	\$ 1,697,545
Excess of expenditures	\$ (767,959)	\$ -	\$ (34,648)	\$ -	\$ (802,607)	\$ (649,344)
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating transfers - in	\$ 687,525	\$	\$ 34,648	\$	\$ 722,173	\$ 823,385
Operating transfers - out	(34,648)				(34,648)	(11,694)
Total other financing sources (uses)	\$ 652,877	\$ -	\$ 34,648	\$ -	\$ 687,525	\$ 811,691
Excess of revenues and other sources (expenditures and other uses)	\$ (115,082)	\$	\$	\$	\$ (115,082)	\$ 162,347
Fund balances - beginning	270,875				270,875	108,528
Fund balances - ending	\$ 155,793	\$ -	\$ -	\$ -	\$ 155,793	\$ 270,875

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND DEBT SERVICE FUND TYPES
YEAR ENDED JUNE 30, 2003

	General Fund			Debt Service Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes	\$ 82,882	\$ 79,575	\$ (3,307)	\$	\$	\$
Licenses and permits	111,252	112,756	1,504			
Intergovernmental revenue	234,433	244,674	10,241			
Rental revenue	14,343	12,243	(2,100)			
Garbage collection fees	175,252	174,473	(779)			
Loan proceeds	-	126,000	126,000			
Other revenues	39,855	146,202	106,347			
Total revenues	<u>\$ 658,017</u>	<u>\$ 895,923</u>	<u>\$ 237,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES						
General government	\$ 401,429	\$ 431,233	\$ (29,804)	\$	\$	\$
Public safety:						
Police	394,128	500,403	(106,275)			
Fire	13,841	17,170	(3,329)			
Highways and streets	415,069	428,334	(13,265)			
Sanitation	89,880	264,993	(175,113)			
Recreation	2,702	21,749	(19,047)			
Debt Service:						
Principal retirement				27,523	27,523	-
Interest				7,125	7,125	-
Total expenditures	<u>\$ 1,317,049</u>	<u>\$ 1,663,882</u>	<u>\$ (346,833)</u>	<u>\$ 34,648</u>	<u>\$ 34,648</u>	<u>\$ -</u>
Excess of expenditures	<u>\$ (659,032)</u>	<u>\$ (767,959)</u>	<u>\$ (108,927)</u>	<u>\$ (34,648)</u>	<u>\$ (34,648)</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers - in	\$ 926,453	\$ 687,525	\$ (238,928)	\$ 34,648	\$ 34,648	\$ -
Operating transfers - out	(34,648)	(34,648)	-			
Total other financing sources (uses)	<u>\$ 891,805</u>	<u>\$ 652,877</u>	<u>\$ (238,928)</u>	<u>\$ 34,648</u>	<u>\$ 34,648</u>	<u>\$ -</u>
Excess of revenues and other sources (expenditures and other uses)	<u>\$ 232,773</u>	<u>\$ (115,082)</u>	<u>\$ (347,855)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances - beginning		<u>270,875</u>				
Fund balances - ending		<u>\$ 155,793</u>			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS
 PROPRIETARY FUND TYPE
 YEARS ENDED JUNE 30, 2003 AND 2002

	<u>Enterprise</u>	
	<u>2003</u>	<u>2002</u>
<u>OPERATING REVENUES</u>		
Charges for services:		
Electricity sales	\$ 2,375,066	\$ 2,336,713
Water sales	184,529	183,218
Natural gas sales	644,372	599,686
Sewer charges	115,553	113,980
Interest income	8,067	10,713
Other operating revenues	<u>83,971</u>	<u>68,665</u>
Total operating revenues	<u>\$ 3,411,558</u>	<u>\$ 3,312,975</u>
<u>OPERATING EXPENSES</u>		
Electricity department	\$ 1,765,046	\$ 1,473,317
Water department	200,860	157,700
Natural gas department	546,154	519,390
Sewer department	<u>181,583</u>	<u>168,652</u>
Total operating expenses	<u>\$ 2,693,643</u>	<u>\$ 2,319,059</u>
Operating income	\$ 717,915	\$ 993,916
<u>OPERATING TRANSFERS</u>		
Transfers to General Fund	<u>687,525</u>	<u>811,691</u>
Net income	\$ 30,390	\$ 182,225
Retained earnings - beginning	<u>359,243</u>	<u>177,018</u>
Retained earnings - ending	<u>\$ 389,633</u>	<u>\$ 359,243</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
 COMPARATIVE STATEMENT OF CASH FLOWS
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
 PROPRIETARY FUND TYPE
 YEARS ENDED JUNE 30, 2003 AND 2002

	Enterprise	
	2003	2002
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from customers	\$ 3,333,263	\$ 3,299,112
Cash payments to suppliers for goods and services	(2,385,735)	(2,194,009)
Cash payments to employees for services	(263,164)	(228,016)
Other operating revenues	8,067	10,713
Net cash provided by operating activities	\$ 692,431	\$ 887,800
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>		
Operating transfers to other funds	\$ (687,525)	\$ (811,691)
Net cash used for non-capital financing activities	\$ (687,525)	\$ (811,691)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Purchases of fixed assets and equipment	\$ (20,700)	\$ -
Net cash used for capital and related financing activities	\$ (20,700)	\$ -
Net increase (decrease) in cash and cash equivalents	\$ (15,794)	\$ 76,109
Cash and cash equivalents - beginning of year	382,265	306,156
Cash and cash equivalents - end of year	\$ 366,471	\$ 382,265
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating income	\$ 717,915	\$ 993,916
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 95,402	\$ 94,564
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(69,435)	(7,652)
Increase (decrease) in:		
Bank overdrafts	-	(148,640)
Accounts payable	(54,580)	(42,281)
Accrued liabilities	3,922	(6,609)
Customer deposits	(793)	4,502
Total adjustments	\$ (25,484)	\$ (106,116)
Net cash provided by operating activities	\$ 692,431	\$ 887,800
Supplemental Disclosures of Cash Flow Information:		
Gas system improvements contributed	\$ -	\$ 222,539

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Jonesville, Louisiana was incorporated December 16, 1903, under the provisions of the Lawrason Act. The Town operates under the Mayor-Town Council form of government and provides the following services as authorized by the Act: public safety (police and fire); streets; sanitation; recreation; public improvements; planning and zoning; provision for gas, electric, and water utilities; sewer services; airport facilities; and general services.

The accounting and reporting policies of the Town of Jonesville, Louisiana conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town executive and legislative branches (Mayor and Town Council). The scope of the governmental entity included in this report was determined by applying the criteria established by Statement Number 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity". The application of these criteria revealed no additional governmental reporting entities, which would be properly includable in this report.

B. Fund Accounting

The accounting system of the Town is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The various funds are grouped in the financial statements of this report into four generic fund types and two broad fund categories as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and improvements (other than those financed by proprietary funds and trust funds).

TOWN OF JONESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The governmental type fund is accounted for using the modified accrual basis of accounting. These revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule concern principal and interest on general long-term debt which is recognized when due.

Those revenues susceptible to accrual are property taxes, sales taxes, franchise taxes, fines, interest, revenue, and charges for services. Licenses, permits, and miscellaneous revenues are not susceptible to accrual because, generally, they are not measurable until received in cash.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned, and their expenses are recognized when incurred. An estimated amount has been recorded for services rendered but not yet billed as of the close of the years involved. The receivable was arrived at by taking the cycle billing the Town sent the customers in July and prorating the amount of days applicable to the current year.

D. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets.

Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fixed Assets and Long-Term Liabilities (continued)

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. General fixed assets are not depreciated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in governmental funds.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25 years
Machinery and equipment	10-20 years
Distribution system - electricity	20 years
Distribution system - water	50 years
Distribution system - gas	50 years
Distribution system - sewer	50 years
Water tanks and wells	33-50 years
Meters	15 years

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

E. Budgets and Budgetary Accounting

The Town follows the following procedures established by Louisiana Revised Statute in preparation of the budgetary data reflected in these financial statements.

- 1) The Town Clerk prepares a proposed budget and submits same to the Mayor and Town Council no later than fifteen days prior to the beginning of each fiscal year.
- 2) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting (continued)

- 3) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- 4) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- 5) Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
- 6) All budgetary appropriations lapse at the end of each fiscal year.
- 7) Budgets for the General and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted, or as amended from time to time by the Town Council.

F. Cash and Investments

Investments are stated at cost and consist of demand deposit accounts, savings accounts, and certificates of deposit. For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with a maturity of six months or less when purchased to be cash equivalents. The following is a summary of cash and cash equivalents for the proprietary fund type:

	<u>2003</u>	<u>2002</u>
Cash	\$ 42,611	\$ 66,958
Temporary investments	151,915	148,865
Restricted cash	80,496	75,239
Restricted temporary investments	<u>91,449</u>	<u>91,203</u>
Cash and cash equivalents at June 30	<u>\$ 366,471</u>	<u>\$ 382,265</u>

The carrying amount of the Town's cash and temporary investments with financial institutions was \$529,178, and the bank balance was \$787,864 at June 30, 2003. There was \$944 in cash on hand at June 30, 2003. At June 30, 2003, the Town's banks had pledged \$894,963 in securities against the Town's deposits. The bank balance is categorized as follows:

TOWN OF JONESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Investments (continued)

Amount insured by FDIC	\$ 200,000
Amount collateralized with securities held by an independent financial institution's trust department in the Town's name	587,864
Uncollateralized	<u>-</u>
Required collateral - 100% of bank balance exclusive of FDIC Insurance plus FDIC Insurance	<u>\$ 787,864</u>

Investments made by the Town that are included on the balance sheet are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the categories described below:

Category 1 - Insured or registered in the name of the Town and held by the Town.

Category 2 - Uninsured but registered in the name of the Town and held by the Town.

Category 3 - Uninsured and not registered in the name of the Town or held by the Town.

<u>Security Type</u>	<u>Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Non-interest bearing accounts	\$ 226,674	\$	\$	\$ 226,674	\$ 226,674
Interest-bearing time certificates of deposit	256,915			256,915	256,915
Savings accounts	<u>45,589</u>	<u>-</u>	<u>-</u>	<u>45,589</u>	<u>45,589</u>
	<u>\$ 529,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 529,178</u>	<u>\$ 529,178</u>

G. Inventories

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the years ending June 30, 2003 and June 30, 2002, these amounts were considered to be immaterial.

H. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of the Town's cash flows and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

J. Total Columns on Combined Statements - Overview

Total columns on combined statements - overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

K. Concentrations of Credit Risk

Financial instruments, which potentially subject the Enterprise Fund to concentrations of credit risk, consist of billed accounts receivable and unbilled costs. Billed accounts receivable and unbilled amounts due on services result primarily from customer services provided for water sales, sewer charges, gas sales, and garbage collection. Customer services are cut off and their consumer deposit surrendered once three months of non-payment occurs to limit the Enterprise Fund's credit risk to a minimal level. Historically, neither the Town nor the Enterprise Fund has incurred any significant credit related losses.

NOTE 2 - AD VALOREM TAXES

The Town annually levies ad valorem taxes in accordance with state statute for the fiscal year ended June 30. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. Because of the due dates noted previously, ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued as of the end of the fiscal year.

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Catahoula Parish.

For the year ended June 30, 2003, taxes of 8.71 mills were levied on property with assessed value of \$8,251,665 and were dedicated as follows:

General corporate purposes	8.71
Total taxes levied were	\$71,872

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2003 or June 30, 2002.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units consisted of the following:

	<u>2003</u>	<u>2002</u>
<u>GENERAL FUND:</u>		
State of Louisiana:		
Beer tax	\$ 2,918	\$ 2,270
Highway maintenance	3,829	3,829
Holiday Enforcement Grant	-	544
Catahoula Parish:		
Fire insurance rebate	7,821	7,293
Parish revenue sharing	3,847	4,924
Sanitation sales tax	9,067	11,607
Other	-	924
<u>CAPITAL PROJECTS FUND:</u>		
State of Louisiana:		
LCDBG Funds	-	16,349
Total	<u>\$ 27,482</u>	<u>\$ 47,740</u>

NOTE 5 - RESTRICTED ASSETS

Restricted assets as of June 30 were applicable to the following:

	<u>2003</u>	<u>2002</u>
Proprietary fund types		
Customers' deposits	<u>\$ 171,945</u>	<u>\$ 166,442</u>
Total restricted assets	<u>\$ 171,945</u>	<u>\$ 166,442</u>

NOTE 6 - FIXED ASSETS

The following is a summary of general fixed assets:

	<u>Balance 6/30/02</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance 6/30/03</u>
Land and buildings	\$ 1,650,850	\$	\$	\$ 1,650,850
Machinery and equipment	<u>618,120</u>	<u>278,892</u>	<u>159,657</u>	<u>737,355</u>
Totals	<u>\$ 2,268,970</u>	<u>\$ 278,892</u>	<u>\$ 159,657</u>	<u>\$ 2,388,205</u>

TOWN OF JONESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 6 - FIXED ASSETS (continued)

The general fixed assets above include \$91,159 of machinery and equipment, which have been valued at estimated historical cost. The estimated historical cost was based on the best available information.

The following is a summary of changes in proprietary fund type property, plant, and equipment for fiscal year ended June 30, 2003:

	<u>Balance</u> <u>6/30/02</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>6/30/03</u>
Electric system	\$ 1,203,522	\$	\$	\$ 1,203,522
Gas system	564,240			564,240
Water system	1,458,607			1,458,607
Sewer system	1,513,564			1,513,564
Buildings	11,579			11,579
Land	21,612			21,612
Miscellaneous equipment	<u>238,622</u>	<u>20,700</u>		<u>259,322</u>
Total	\$ 5,011,746	\$ 20,700	\$ -	\$ 5,032,446
Less accumulated depreciation	<u>(3,315,896)</u>	<u>(95,402)</u>		<u>(3,411,298)</u>
Net	<u>\$ 1,695,850</u>	<u>\$ (74,702)</u>	<u>\$ -</u>	<u>\$ 1,621,148</u>

NOTE 7 - CHANGES IN LONG-TERM DEBT

The following is a summary of debt transactions for the Town for the fiscal year ended June 30, 2003:

	<u>General Obligation</u> <u>Capital</u> <u>Leases Payable</u>	<u>Long-Term</u> <u>Note</u> <u>Payable</u>	<u>Totals</u>
Balances - 6/30/02	\$ -	\$ 5,954	\$ 5,954
Proceeds	126,000		126,000
Principal retired	<u>(21,827)</u>	<u>(5,954)</u>	<u>(27,781)</u>
Balances - 6/30/03	<u>\$ 104,173</u>	<u>\$ -</u>	<u>\$ 104,173</u>

Long-term debt as of June 30, 2003, is comprised of the following:

Capital lease payable to Government Capital Corporation to purchase two new garbage trucks in the amount of \$126,000. Dated July 1, 2002, payable in monthly installments of \$2,440.51, commencing on August 1, 2002, and ending on July 1, 2007, with an interest rate of 6.0% per annum.

\$ 104,173

Total

\$ 104,173

TOWN OF JONESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 7 - CHANGES IN LONG-TERM DEBT (continued)

The annual requirements to amortize all outstanding debt as of June 30, 2003, including interest payments of \$12,971, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>General Obligation Capital Lease</u>	<u>Total</u>
2003	\$ 117,144	\$ 117,144
Total	\$ 117,144	\$ 117,144

Retirement of general obligation debt is to be made by annual transfers of General Fund revenue in the amounts necessary to retire principal and interest currently due.

NOTE 8 - CONTRIBUTED CAPITAL

No changes were made to contributed capital during fiscal year ended June 30, 2003.

Balance, June 30, 2003	<u>\$ 1,842,226</u>
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NOTE 9 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Enterprise Fund operated by the Town provides electric, gas, water, and sewer utility services. The following is a summary of disclosures required by the National Council on Governmental Accounting in Interpretation 2 Segment Information for Enterprise Funds.

	<u>June 30, 2003</u>				
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Gas Utility</u>	<u>Sewer Service</u>	<u>Total</u>
Operating revenue	\$ 2,375,066	\$ 184,529	\$ 644,372	\$ 115,553	\$ 3,319,520
Purchase of utility	(1,503,476)		(438,820)		(1,942,296)
Operating expenses	(243,213)	(166,963)	(94,815)	(150,954)	(655,945)
Depreciation	(18,357)	(33,897)	(12,519)	(30,629)	(95,402)
Other operating revenue	<u>65,852</u>	<u>5,116</u>	<u>17,866</u>	<u>3,204</u>	<u>92,038</u>
Operating income (loss)	<u>\$ 675,872</u>	<u>\$ (11,215)</u>	<u>\$ 116,084</u>	<u>\$ (62,826)</u>	\$ 717,915
Operating transfers out					<u>(687,525)</u>
Net income					<u>\$ 30,390</u>

TOWN OF JONESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 10 - ACCRUED VACATION PAY

The liability for compensated absences has not been accrued because the amount is considered to be immaterial.

NOTE 11 - PENSION PLAN

All full-time police and fire department employees are required to participate in their respective retirement systems. The Town currently has no full-time fire department employees. All employees of the Town participate in the Social Security System. Pertinent information relative to the Police Retirement System is as follows:

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary, and the Town of Jonesville, Louisiana is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the Town of Jonesville, Louisiana are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesville, Louisiana contributions to the System for the years ending June 30, 2003, 2002 and 2001 were \$5,208, \$6,863, and \$5,683, respectively, equal to the required contributions for each year.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 12 - COMPENSATION OF GOVERNING BOARD

The Governing Board of the Town of Jonesville, Louisiana consists of a Mayor and five Council Members. For the fiscal year ended June 30, 2003, the following compensations were paid:

	<u>Salary</u>	<u>Health Insurance</u>	<u>Auto Reimbursements</u>	<u>Totals</u>
Mike Wilson, Mayor	\$ 8,769	\$ 4,216	\$	\$ 12,985
W. F. "Billy" Edwards, Mayor	9,692	5,059	3,000	17,751
Gary Odom, Alderman	2,100	5,059		7,159
Stephen R. Mophett, Alderman	4,000	10,119		14,119
Terry Russ, Alderman	1,900	5,059		6,959
Josie Bullitts, Alderwoman	4,100	3,733		7,833
Loria Hollins, Alderwoman	4,000	10,119		14,119
Charles Branch, Alderman	2,000	4,216		6,216
Tommy Branch, Alderman	<u>1,900</u>			<u>1,900</u>
Totals	<u>\$ 38,461</u>	<u>\$ 47,580</u>	<u>\$ 3,000</u>	<u>\$ 89,041</u>

NOTE 13 - OTHER INDIVIDUAL FUND DISCLOSURES

A generic fund type listing of the individual funds that have an excess of expenditures over budget, including amounts of the excess, is as follows:

<u>Fund Type/Fund</u>	<u>Amount</u>
General Fund	<u>\$ 346,833</u>

The funds with an excess of expenditures over budget are not in violation of state law, since the excesses resulted from auditor's adjustment.

NOTE 14 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 15 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 16 - GASB STATEMENT 34

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement Number 34, titled *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain significant changes will be required upon implementation of this statement. The Town will implement the new reporting model as required by Statement 34 for the fiscal year beginning July 1, 2003.

The new reporting model will consist of the following significant changes:

1. A "Management Discussion and Analysis" (MD&A), which will provide an analysis of the Town's overall financial position and results of operations.
2. Financial statements prepared and presented at the town-wide level using the accrual basis of accounting for all of the Town's activities.
3. Fund financial statements will be prepared and presented on the modified accrual basis of accounting.

**FINANCIAL STATEMENTS OF
INDIVIDUAL FUNDS AND ACCOUNT GROUPS**

GENERAL FUND

To account for resources traditionally associated with governments, which are not required to be accounted for in another fund.

TOWN OF JONESVILLE, LOUISIANA
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 104,511	\$ 157,231
Temporary investments (at cost)	59,140	75,066
Receivables (net of allowance for uncollectibles):		
Court fines	28,574	25,174
Franchise tax	3,849	3,570
Other	827	7,672
Due from other governments	<u>27,482</u>	<u>31,391</u>
Total current assets	<u>\$ 224,383</u>	<u>\$ 300,104</u>
 Total assets	 <u>\$ 224,383</u>	 <u>\$ 300,104</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ 36,584	\$ 17,434
Accrued liabilities	30,898	9,395
Other liabilities	<u>1,108</u>	<u>2,400</u>
Total liabilities	<u>\$ 68,590</u>	<u>\$ 29,229</u>
 FUND BALANCE:		
Unreserved	<u>\$ 155,793</u>	<u>\$ 270,875</u>
Total fund balance	<u>\$ 155,793</u>	<u>\$ 270,875</u>
 Total liabilities and fund balance	 <u>\$ 224,383</u>	 <u>\$ 300,104</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>	<u>2002</u>
<u>REVENUES</u>		
Taxes		
Ad valorem	\$ 71,872	\$ 69,783
Franchise	<u>7,703</u>	<u>6,902</u>
Total taxes	<u>\$ 79,575</u>	<u>\$ 76,685</u>
Licenses and permits		
Occupational licenses	\$ 112,448	\$ 107,599
Other permits	<u>308</u>	<u>569</u>
Total licenses and permits	<u>\$ 112,756</u>	<u>\$ 108,168</u>
Intergovernmental revenue		
Beer taxes	\$ 11,389	\$ 7,290
Sanitation sales taxes	105,225	120,742
State fire insurance premiums	7,821	7,293
Hard surface road tax	47,896	51,224
Law enforcement and fire grants	<u>72,343</u>	<u>6,831</u>
Total intergovernmental revenue	<u>\$ 244,674</u>	<u>\$ 193,380</u>
Fines and forfeits	<u>\$ 77,531</u>	<u>\$ 56,108</u>
Charges for services		
Garbage collection fees	\$ 174,473	\$ 175,292
Fire District fees	<u>27,968</u>	<u>-</u>
Total charges for services	<u>\$ 202,441</u>	<u>\$ 175,292</u>
Miscellaneous		
Loan proceeds	\$ 126,000	\$ -
Building rents	12,243	10,245
Interest earned	3,751	2,514
Other	<u>36,952</u>	<u>17,882</u>
Total miscellaneous	<u>\$ 178,946</u>	<u>\$ 30,641</u>
Total revenues	<u>\$ 895,923</u>	<u>\$ 640,274</u>

-continued-

TOWN OF JONESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>	<u>2002</u>
<u>EXPENDITURES</u>		
Current:		
General government	\$ 431,233	\$ 432,647
Public safety:		
Police	500,403	386,527
Fire	17,170	26,089
Highways and streets	428,334	345,163
Sanitation	264,993	76,008
Airport	-	137
Recreation	21,749	5,338
Industrial	<u>-</u>	<u>5,159</u>
Total expenditures	<u>\$ 1,663,882</u>	<u>\$ 1,277,068</u>
Excess of expenditures	\$ (767,959)	\$ (636,794)
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating transfers from Utility Fund	687,525	811,691
Operating transfers to Debt Service Fund	<u>(34,648)</u>	<u>(11,694)</u>
Excess of revenue and other sources (expenditures and other uses)	\$ (115,082)	\$ 163,203
Fund balance - beginning	<u>270,875</u>	<u>107,672</u>
Fund balance - ending	<u>\$ 155,793</u>	<u>\$ 270,875</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>	<u>2002</u>
GENERAL GOVERNMENT:		
Salaries	\$ 168,382	\$ 155,814
Payroll taxes	13,733	18,532
Employee benefits and insurance	109,043	117,311
Office supplies	5,326	4,087
Computer expense	2,104	2,107
Audit and accounting	2,714	16,394
Legal and consultant fees	34,506	44,760
Repairs and maintenance	12,397	7,440
General insurance	17,194	13,943
Miscellaneous	33,729	24,687
Utilities and telephone	21,263	19,881
Travel and meetings	7,042	7,691
Capital outlay	3,800	-
Total general government	<u>\$ 431,233</u>	<u>\$ 432,647</u>
 PUBLIC SAFETY - POLICE:		
Salaries	\$ 238,040	\$ 239,455
Payroll taxes	19,515	20,892
Police retirement	5,208	6,863
Employee benefits and insurance	47,522	48,048
Uniform allowance	7,112	3,879
Office and other supplies	8,259	4,069
Prisoners' housing and supplies	6,139	13,165
Insurance	16,731	12,408
Gas and oil	8,550	7,591
Utilities and telephone	12,640	8,233
Repairs and maintenance	19,685	15,466
Miscellaneous	17,260	6,452
Travel and meetings	342	6
Capital outlay	93,400	-
Total public safety - police	<u>\$ 500,403</u>	<u>\$ 386,527</u>
 PUBLIC SAFETY - FIRE:		
Salaries	\$ 2,055	\$ 2,275
Utilities and telephone	456	2,364
Supplies	9,158	2,539
Repairs and maintenance	4,730	18,052
Miscellaneous	310	480
Travel and meetings	461	379
Total public safety - fire	<u>\$ 17,170</u>	<u>\$ 26,089</u>

-continued-

TOWN OF JONESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>	<u>2002</u>
HIGHWAYS AND STREETS:		
Salaries	\$ 242,159	\$ 206,994
Payroll taxes	19,515	18,901
Employee benefits and insurance	76,047	56,174
Insurance	8,934	8,802
Gas and oil	7,504	8,764
Supplies	26,746	14,420
Repairs and maintenance	24,475	14,983
Utilities and telephone	3,183	3,016
Miscellaneous	4,059	3,309
Capital outlay	<u>15,712</u>	<u>9,800</u>
Total highways and streets	<u>\$ 428,334</u>	<u>\$ 345,163</u>
SANITATION:		
Salaries	\$ 26,405	\$ 24,071
Payroll taxes	2,168	2,371
Employee benefits and insurance	40,433	21,207
Insurance	8,564	6,392
Gas and oil	8,022	6,163
Supplies	8,344	5,523
Repairs and maintenance	1,868	7,424
Utilities and telephone	1,740	1,215
Miscellaneous	1,469	1,642
Capital outlay	<u>165,980</u>	<u>-</u>
Total sanitation	<u>\$ 264,993</u>	<u>\$ 76,008</u>
AIRPORT:		
Repairs and maintenance	\$ -	\$ 137
Total airport	<u>\$ -</u>	<u>\$ 137</u>
RECREATION:		
Supplies	\$ 10,716	\$ -
Repairs and maintenance	7,636	5,268
Utilities and telephone	<u>3,397</u>	<u>70</u>
Total recreation	<u>\$ 21,749</u>	<u>\$ 5,338</u>
INDUSTRIAL:		
Repairs and maintenance	\$ -	\$ 607
Utilities and telephone	<u>-</u>	<u>4,552</u>
Total industrial	<u>\$ -</u>	<u>\$ 5,159</u>
Total expenditures	<u>\$ 1,663,882</u>	<u>\$ 1,277,068</u>

The accompanying notes are an integral part of these financial statements.

SPECIAL REVENUE FUNDS

LCDBG Housing Rehabilitation Fund - To account for housing rehabilitation financed by a Federal Grant. Total grant amount is \$476,500.

TOWN OF JONESVILLE, LOUISIANA
SPECIAL REVENUE FUND
LCDBG HOUSING REHABILITATION FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ _____ -	\$ _____ -
Total assets	<u>\$ _____ -</u>	<u>\$ _____ -</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES	\$ _____ -	\$ _____ -
Fund balance		
Reserved	\$ _____ -	\$ _____ -
Total fund balance	\$ _____ -	\$ _____ -
Total liabilities and fund balance	<u>\$ _____ -</u>	<u>\$ _____ -</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
SPECIAL REVENUE FUND
LCDBG HOUSING REHABILITATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>	<u>2002</u>
<u>REVENUES</u>		
Intergovernmental – LCDBG	\$ -	\$ 104,593
Total revenues	<u>\$ -</u>	<u>\$ 104,593</u>
<u>EXPENDITURES</u>		
Administration	\$ -	\$ 35,125
Relocation	-	49,443
Rehabilitation loans and grants	<u>-</u>	<u>20,881</u>
Total expenditures	<u>\$ -</u>	<u>\$ 105,449</u>
Excess of expenditures	\$ -	(856)
Fund balance, beginning	<u>-</u>	<u>856</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

DEBT SERVICE FUNDS

General Obligation Debt - To accumulate monies for the payment of the General Obligation Debt. Financing is to be provided from General Fund revenues.

TOWN OF JONESVILLE, LOUISIANA
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>	<u>2002</u>
<u>REVENUES</u>		
Intergovernmental - State of Louisiana	\$ -	\$ 80,795
Total revenues	<u>\$ -</u>	<u>\$ 80,795</u>
<u>EXPENDITURES</u>		
Debt Service		
Principal retirements	\$ 27,523	\$ 88,772
Interest and fiscal fees	<u>7,125</u>	<u>3,717</u>
Total expenditures	<u>\$ 34,648</u>	<u>\$ 92,489</u>
Excess of expenditures	\$ (34,658)	\$ (11,694)
<u>OTHER FINANCING SOURCES</u>		
Operating transfers from General Fund	<u>34,648</u>	<u>11,694</u>
Excess of revenues and other sources (expenditures)	\$ -	\$ -
Fund balance – beginning	<u>-</u>	<u>-</u>
Fund balance – ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

CAPITAL PROJECTS FUND

Fiscal Year 2000 LCDBG DN Program - To account for the construction of gas system improvements financed by a Federal Grant.

TOWN OF JONESVILLE, LOUISIANA
 CAPITAL PROJECTS FUND
 FISCAL YEAR 2000 LCDBG DN PROGRAM
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Due from other governments	\$ -	\$ 16,349
Total assets	<u>\$ -</u>	<u>\$ 16,349</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Accounts payable	\$ -	\$ 16,349
Total liabilities	<u>\$ -</u>	<u>\$ 16,349</u>
FUND BALANCE		
Unreserved	\$ -	\$ -
Total fund balance	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 16,349</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
CAPITAL PROJECTS
FISCAL YEAR 2000 LCDBG DN PROGRAM FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2002

	<u>2003</u>	<u>2002</u>
<u>REVENUES</u>		
Intergovernmental - LCDBG DN	\$ -	\$ 222,539
Total revenues	\$ -	\$ 222,539
<u>EXPENDITURES</u>		
Capital outlay - Gas System improvements	\$ -	\$ 222,539
Total expenditures	\$ -	\$ 222,539
Excess of revenues (expenditures)	\$ -	\$ -
Fund balance – beginning	-	-
Fund balance – ending	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

ENTERPRISE FUND

Municipal Utilities Fund - To account for the provision of electric, natural gas, water, and sewer services to residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administrative, operations, and maintenance, financing and related debt service, and billings and collections.

TOWN OF JONESVILLE, LOUISIANA
ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM
COMPARATIVE BALANCE SHEET
JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 42,611	\$ 66,958
Temporary investments at cost	151,915	148,865
Accounts receivable, new of allowance for uncollectible accounts (\$75,415 in 2003 and \$64,528 in 2002)	<u>608,415</u>	<u>538,980</u>
Total current assets	<u>\$ 802,941</u>	<u>\$ 754,803</u>
Restricted assets - consumer deposits		
Cash	\$ 80,496	\$ 75,239
Temporary investments at cost	<u>91,449</u>	<u>91,203</u>
Total restricted assets	<u>\$ 171,945</u>	<u>\$ 166,442</u>
Plant and equipment, at cost, net of accumulated depreciation (\$3,411,298 in 2003 and \$3,315,896 in 2002)	<u>\$ 1,621,148</u>	<u>\$ 1,695,850</u>
Total assets	<u>\$ 2,596,034</u>	<u>\$ 2,617,095</u>
<u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES		
Current liabilities (payable from current assets)		
Accounts payable	\$ 202,895	\$ 257,475
Accrued liabilities	<u>21,935</u>	<u>18,013</u>
Total current liabilities (payable from current assets)	<u>\$ 224,830</u>	<u>\$ 275,488</u>
Current liabilities (payable from restricted assets)		
Consumer deposits	<u>\$ 139,345</u>	<u>\$ 140,138</u>
Total current liabilities (payable from restricted assets)	<u>\$ 139,345</u>	<u>\$ 140,138</u>
Total liabilities	<u>\$ 364,175</u>	<u>\$ 415,626</u>
FUND EQUITY		
Contributed capital	\$ 1,842,226	\$ 1,842,226
Retained earnings - unreserved	<u>389,633</u>	<u>359,243</u>
Total fund equity	<u>\$ 2,231,859</u>	<u>\$ 2,201,469</u>
Total liabilities and fund equity	<u>\$ 2,596,034</u>	<u>\$ 2,617,095</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM
COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
ALL DEPARTMENTS
YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Utility sales and fees	\$ 3,319,520	\$ 3,233,597
Other operating revenues	<u>92,038</u>	<u>79,378</u>
Total operating revenues	<u>\$ 3,411,558</u>	<u>\$ 3,312,975</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 267,086	\$ 221,407
Purchase of utilities provided	1,942,296	1,684,559
Materials and supplies	105,801	88,190
Repairs and maintenance	82,202	37,625
Depreciation	95,402	94,564
Utilities and telephone	81,913	76,308
Bad debts	10,386	17,044
Other operating expenses	<u>108,557</u>	<u>99,362</u>
Total operating expenses	<u>\$ 2,693,643</u>	<u>\$ 2,319,059</u>
Operating income	<u>\$ 717,915</u>	<u>\$ 993,916</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM
COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
ELECTRIC DEPARTMENT
YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Electricity sales and fees	\$ 2,375,066	\$ 2,336,713
Other operating revenues	<u>65,852</u>	<u>57,362</u>
Total operating revenues	<u>\$ 2,440,918</u>	<u>\$ 2,394,075</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 94,671	\$ 76,966
Purchase of electricity	1,503,476	1,267,742
Materials and supplies	48,625	25,589
Repairs and maintenance	33,045	15,846
Depreciation	18,357	22,598
Utilities and telephone	13,955	10,938
Bad debts	7,430	12,281
Other operating expenses	<u>45,487</u>	<u>41,357</u>
Total operating expenses	<u>\$ 1,765,046</u>	<u>\$ 1,473,317</u>
Operating income	<u>\$ 675,872</u>	<u>\$ 920,758</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM
COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
WATER DEPARTMENT
YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>OPERATING REVENUES</u>		
Charges for services:		
Water sales and fees	\$ 184,529	\$ 183,218
Other operating revenues	<u>5,116</u>	<u>4,498</u>
Total operating revenues	<u>\$ 189,645</u>	<u>\$ 187,716</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 44,506	\$ 35,334
Materials and supplies	28,215	26,203
Repairs and maintenance	31,849	7,965
Depreciation	33,897	34,453
Utilities and telephone	40,866	40,519
Bad debts	2,016	967
Other operating expenses	<u>19,511</u>	<u>12,259</u>
Total operating expenses	<u>\$ 200,860</u>	<u>\$ 157,700</u>
Operating income (loss)	<u>\$ (11,215)</u>	<u>\$ 30,016</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM
COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
NATURAL GAS DEPARTMENT
YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>OPERATING REVENUES</u>		
Charges for services:		
Natural gas sales and fees	\$ 644,372	\$ 599,686
Other operating revenues	<u>17,866</u>	<u>14,720</u>
Total operating revenues	<u>\$ 662,238</u>	<u>\$ 614,406</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 40,186	\$ 36,459
Purchase of natural gas	438,820	416,817
Materials and supplies	10,414	14,486
Repairs and maintenance	8,784	8,000
Depreciation	12,519	6,067
Utilities and telephone	6,825	4,893
Bad debts	577	3,198
Other operating expenses	<u>28,029</u>	<u>29,470</u>
Total operating expenses	<u>\$ 546,154</u>	<u>\$ 519,390</u>
Operating income	<u>\$ 116,084</u>	<u>\$ 95,016</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
SEWER DEPARTMENT
YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>OPERATING REVENUES</u>		
Charges for services:		
Sewer charges and fees	\$ 115,553	\$ 113,980
Other operating revenues	<u>3,204</u>	<u>2,798</u>
Total operating revenues	<u>\$ 118,757</u>	<u>\$ 116,778</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 87,723	\$ 72,648
Materials and supplies	18,547	21,912
Repairs and maintenance	8,524	5,814
Depreciation	30,629	31,446
Utilities and telephone	20,267	19,958
Bad debts	363	598
Other operating expenses	<u>15,530</u>	<u>16,276</u>
Total operating expenses	<u>\$ 181,583</u>	<u>\$ 168,652</u>
Operating loss	<u>\$ (62,826)</u>	<u>\$ (51,874)</u>

The accompanying notes are an integral part of these financial statements.

GENERAL FIXED ASSET ACCOUNT GROUP

To account for all fixed assets of the Town, except those accounted for in the Utility Fund and elements of the Town's infrastructure, which are not required to be capitalized under generally accepted accounting principles.

TOWN OF JONESVILLE, LOUISIANA
COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE
JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>GENERAL FIXED ASSETS</u>		
Land and buildings	\$ 1,650,850	\$ 1,650,850
Machinery and equipment	<u>737,355</u>	<u>618,120</u>
Total general fixed assets	<u>\$ 2,388,205</u>	<u>\$ 2,268,970</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS FROM</u>		
General Fund	\$ 2,325,705	\$ 2,206,470
Donations from other governments	<u>62,500</u>	<u>62,500</u>
Total investment in general fixed assets	<u>\$ 2,388,205</u>	<u>\$ 2,268,970</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 2003

<u>Function and Activity</u>	<u>Total</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>
General government:			
Financial administration	\$ 369,075	\$ 300,549	\$ 68,526
Public safety:			
Police protection	313,204	56,889	256,315
Fire protection	130,856	17,981	112,875
Streets	91,593	8,207	83,386
Sanitation	221,950	8,207	213,743
Industrial development	1,012,015	1,012,015	
Airport	82,252	82,252	
Recreation	130,590	129,630	960
Activity center	<u>36,670</u>	<u>35,120</u>	<u>1,550</u>
Totals	<u>\$ 2,388,205</u>	<u>\$ 1,650,850</u>	<u>\$ 737,355</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF JONESVILLE, LOUISIANA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2003

	General Fixed Assets <u>7/1/02</u>	<u>Additions</u>	<u>Dispositions</u>	General Fixed Assets <u>6/30/03</u>
General government:				
Financial administration	\$ 367,910	\$ 3,800	\$ 2,635	\$ 369,075
Public safety:				
Police protection	251,536	93,400	31,732	313,204
Fire protection	160,721		29,865	130,856
Streets	87,781	15,712	11,900	91,593
Sanitation	139,495	165,980	83,525	221,950
Industrial development	1,012,015			1,012,015
Airport	82,252			82,252
Recreation	130,590			130,590
Activity center	<u>36,670</u>	<u> </u>	<u> </u>	<u>36,670</u>
Totals	<u>\$ 2,268,970</u>	<u>\$ 278,892</u>	<u>\$ 159,657</u>	<u>\$ 2,388,205</u>

The accompanying notes are an integral part of these financial statements.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from General Fund revenues. Payment of maturing obligations, including interest, is accounted for in the Debt Service Fund.

TOWN OF JONESVILLE, LOUISIANA
STATEMENT OF GENERAL LONG-TERM DEBT
JUNE 30, 2003
WITH COMPARATIVE TOTALS FOR JUNE 30, 2002

	Capital Leases Payable	Totals 2003	2002
Amount available and to be provided for the retirement of general long-term debt:			
Amount necessary to be provided from:			
General Fund Revenues	\$ 104,173	\$ 104,173	\$ 5,954
 Total available and to be provided	 \$ 104,173	 \$ 104,173	 \$ 5,954
 General long-term debt:			
Installment payable:			
Capital leases payable	\$ 104,173	\$ 104,173	\$ -
Notes payable	-	-	5,954
 Total general long-term debt	 \$ 104,173	 \$ 104,173	 \$ 5,954

The accompanying notes are an integral part of these financial statements.

INTERNAL CONTROL AND COMPLIANCE REPORTS

SILAS M. SIMMONS & COMPANY, LLP
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209 NORTH COMMERCE STREET
POST OFFICE BOX 1027
NATCHEZ, MISSISSIPPI 39121-1027

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**REPORT ON COMPLIANCE AND ON
 INTERNAL CONTROL OVER FINANCIAL
 REPORTING BASED ON AN AUDIT OF
 FINANCIAL STATEMENTS PERFORMED
 IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mayor and Members of the Town Council
 Town of Jonesville
 Jonesville, Louisiana

We have audited the general purpose financial statements of Town of Jonesville, Louisiana, as of and for the year ended June 30, 2003, and have issued our report thereon dated October 28, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Town of Jonesville, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Jonesville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Town of Jonesville, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item number 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness

This report is intended for the information of the management and the Office of the Legislative Auditor, State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Julian M. Simmons & Company, LLP

Natchez, Mississippi
October 28, 2003

TOWN OF JONESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | | |
|----|--|-------------|
| 1. | Type of auditor's report issued on the general purpose financial statements: | Unqualified |
| 2. | Material non-compliance relating to the general purpose financial statements? | No |
| 3. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Reportable condition(s) identified that are not considered to be material weaknesses? | No |

SECTION 2: FINANCIAL STATEMENT FINDINGS

Reportable Conditions Considered to be Material Weaknesses

Current Year

99-1 Finding

From our understanding of the Town's internal control structure, we have determined that the small size of the Town and its limited number of personnel do not allow for the adequate segregation of duties among employees. This is a continuing comment from prior years. In the past, we have recommended that the Board continue to insist on accurate monthly financial reports to help offset this problem. This finding continues for the current year.

Recommendation

We do not believe that it would be cost effective for the Town to hire the additional staff required to resolve this problem. We believe that the Town has taken steps to offset this problem by approving certain transactions at Board meetings and requiring dual signatures on all checks. The Board has also taken the steps necessary to obtain accurate monthly financial reports, including detailed general ledgers and budget comparisons.

Corrective Action

The Town is continuing to implement alternate control procedures.

SECTION 3: FEDERAL AWARDS, FINDINGS, AND QUESTIONED COSTS

Not applicable.

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MANAGEMENT REPORT

Mayor and Members of the Town Council
 Town of Jonesville, Louisiana

We have audited the general purpose financial statements of the Town of Jonesville, Louisiana, for the year ended June 30, 2003, and have issued our report thereon dated October 28, 2003.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Prior Year Findings

All prior findings were resolved in the prior year.

Current Year Findings

There are no current year findings.

This report is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Silas M. Simmons & Company, LLP

Natchez, Mississippi
 October 28, 2003



Mayor
Mike Wilson

Municipal Clerk
Robert L. Swayze

TOWN OF JONESVILLE⁵¹

Village - December 16, 1903 • Town - October 18, 1916

Post Office Box 428
JONESVILLE, LOUISIANA 71343
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October 28, 2003

Aldermen
Charles Branch
Stephen R. Mophett
Josie Bullitts
Loria Hollins
Tommy Branch

MANAGEMENT'S CORRECTIVE ACTION PLAN

Office of Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

The Town of Jonesville, Louisiana has prepared and hereby submits the following corrective action plan for the findings included in the audit of its general purpose financial statements for the year ended June 30, 2003, as reported by Silas M. Simmons & Company, LLP, in its reports dated October 28, 2003.

REPORT ON COMPLIANCE AND INTERNAL CONTROL

Finding 99-1:

Inadequate segregation of duties among employees.

Corrective Action Plan:

Management is aware of the problem with segregation of duties and will continue to develop and implement control procedures to offset this inherent problem associated with being a small entity.

The management of the Town of Jonesville, Louisiana believes that the above corrective action plan will help resolve the findings contained with its audited general purpose financial statements for the fiscal year ended June 30, 2003. Should you have any questions or require additional information, please contact us. Thank you for your consideration in these matters.

Sincerely,

Town of Jonesville, Louisiana